BUSINESS ENTITIES VIDEO SERIES, Script Four

# LIMITED PARTNERSHIP

In a **limited partnership**, each partner is liable for debts only up to the amount of his or her investment in the company.

- Under Kansas Statutes a limited partnership must be formed in writing between one or more general partners and one or more limited partners.
- In addition, limited partners have no voice in the management of the partnership.
- Limited partnerships are ideal for property or for raising capital.
- Each limited partnership must have and maintain a registered office that may or may not be the place of business.
- Additionally, a Kansas resident agent must be appointed, which may be an individual or a domestic or foreign business entity, such as a corporation, a limited partnership, a limited liability company, a business trust authorized to do business in this state, or the limited partnership itself.
- Registration with the Office of the Secretary of State is required.
- The fee is $165 for paper filing both for domestic and foreign businesses, or $160 for electronic filing available to domestic businesses only.
- Interests in the limited partnership may be required to be registered with the Office of the Securities Commissioner.

Limited partnerships have certain **advantages.**

- Investors have liability limited to their respective investments in the partnership.
- A limited partnership is a separate entity and may sue and be sued, own property, protect its limited partners from unlimited liability, raise capital by selling interests in the partnership, borrow money and exist independently of its partners' mortality.
- The limited partnership does not have to be reformed every time a general partner or limited partner dies.
- It has the ability to borrow money, develop general partner savings, raise funds from operations, plus sell limited partner interests to generate capital.
- It is managed by the general partner and not subject to investor interference.
- Partners pay the tax because profits and losses pass through the entity to the partners.

Limited partnerships have certain **disadvantages.**

- A limited partnership requires advanced accounting procedures.
- It does not live in perpetuity, but lives for a stipulated period, usually for the life of the assets it owns.
- Limited partners have little voice in management once the investment is made in the partnership.
- Interests may not be freely traded. Therefore, a limited partner must hold the investment indefinitely.
- A Certificate of Limited Partnership and Annual Reports must be filed with the Office of the Secretary of State.

- Annual financial reporting must be made to limited partners.

This is the fourth of eight business entity videos created by the Office of the Kansas Secretary of State. The first is an introduction to the series, and the remaining seven videos each target a specific type of business organization. Each video provides a brief description of the business entity type, its registration requirements, and the advantages and disadvantages of its structure.

I'm Kansas Secretary of State Kris Kobach, wishing you success in your new business venture. For further assistance, please visit www.sos.ks.gov or call (785) 296-4564.